

---

# STATE OF INDIANA

---

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH  
100 NORTH SENATE AVENUE N1058(B)  
INDIANAPOLIS, IN 46204  
PHONE (317) 232-3777  
FAX (317) 974-1629

**TO:** All School Corporations  
**FROM:** Courtney L. Schaafsma, Commissioner  
**RE:** Legislative Changes Affecting School Corporations  
**DATE:** May 5, 2016

This memorandum addresses various 2016 legislative changes concerning school corporations. Please note that this memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

## **I. Protected Tax Waivers & Capital Projects Fund Uses**

On March 23, 2016, Governor Pence signed into law House Enrolled Act 1109-2016 ("HEA 1109"), which makes changes to a school corporation's eligibility for a waiver from protected taxes ("waiver"). Specifically, HEA 1109 changes the following:

1. It extends the years for which a school corporation may be eligible for a waiver through pay-2018. Currently, a school corporation may be eligible only through pay-2016.
2. It provides that if:
  - (1) a school corporation in 2017 or 2018 issues new bonds or enters into a new lease rental agreement for which the school corporation is imposing or will impose a debt service levy other than:
    - (A) to refinance or renew prior bond or lease rental obligations existing before January 1, 2017; or
    - (B) indebtedness that is approved in a local public question or referendum under IC 6-1.1-20 or any other law; and
  - (2) the school corporation's total debt service levy in 2017 or 2018 is greater than the school corporation's debt service levy in 2016;the school corporation is not eligible to allocate credits proportionately.

These changes go into effect July 1, 2016.

In addition, HEA 1109 amends IC 20-40-8-19 so that money in a capital projects fund may be used before January 1, 2018 (rather than July 1, 2017 under current law) to pay for up to 100% of the school corporation's costs attributable to utility services, property or casualty insurance, or both. This section is effective July 1, 2016. It is still the case that a school corporation's expenditures under this statute may not in a calendar year exceed 3.5% of the school corporation's 2005 calendar year distribution.

## **II. Operating Referendum**

On March 23, 2016, Governor Pence signed into law Senate Enrolled Act 279-2016 (“SEA 279”). Sections 3 through 7 of SEA 279 allow a school corporation to extend a referendum levy via a resolution and subsequent referendum.

Specifically, the school board may adopt a resolution to place a referendum on the ballot requesting authority to continue imposing a tax rate. The tax rate must be the same or lower than the tax rate imposed under the previously approved referendum. In addition, the number of years for which a referendum tax levy may be extended may not exceed the number of years for which the expiring referendum tax levy was imposed.

SEA 279 introduces IC 20-46-1-10.1, which prescribes the language for a ballot question proposing to extend a referendum levy. Per IC 20-46-1-8, as amended by SEA 279, the proposed ballot language must be certified by the Department.

The resolution to extend a referendum levy must be adopted by the school board and approved in a referendum before December 31 of the final calendar year in which the school corporation’s previously approved referendum levy is imposed.

These amendments were effective upon passage.

### **Contact Information**

Questions may be directed to Deputy General Counsel David Marusarz at (317) 233-6770 or [dmarusarz@dlgf.in.gov](mailto:dmarusarz@dlgf.in.gov).